



Irish Life Weekly Investment Bulletin

The week that was – WEEK 04 2018 (ending 26/01/2018)

“When love and skill work together, expect a masterpiece.” – John Ruskin

Government to fund low interest rate mortgages – The government launched its Rebuilding Ireland Home Loan scheme where it is to fund 2%/2.25%, 25/30-year fixed rate local authority mortgages for some of those unable to source finance from the banks and a new purchase scheme providing homes on State-owned land.

IMF revises up its global growth forecast for 2018 and 2019 to 3.9% – The International Monetary Fund in its World Economic Outlook has raised its forecasts for global growth to 3.9% (from 3.7%) for 2018 and 2019, as it highlighted growth in the United States, because of the large tax cuts, and also China and the euro area.

Global stock market up 1.3% on the week – The MSCI AC World TR Index showed a 1.33% rise from 19th January to 26th January to give a fourth consecutive weekly gain for 2018, supported by release of healthy Q4 corporate earnings figures. Volatility (the VIX) finished the week at 11.08, down from 11.27 on 19th January.

U.S. Senate confirms Jerome Powell as new head of Fed – The Senate approved President Trump's nominee, current Federal Reserve Board Governor Jerome Powell, as the new Chair to replace Janet Yellen in a 84-13 vote. He got strong support from both Republicans and Democrats, who expect no major surprises.

ECB & BOJ signal no change in monetary policy – ECB President Draghi ruled out a rate rise for 2018 “based on current market information”. The Bank of Japan, at its monetary policy meeting, opted to leave interest rate steady (at -0.1%) and policymakers unanimously voted to continue its asset purchases program.

UK GDP in Q4 beats forecasts – According to the latest figures from the Office for National Statistics (ONS), the British economy grew 1.5% year-on-year in the fourth quarter of 2017, beating market expectations of 1.4%. In 2017 as a whole, GDP grew by 1.8% (compared to 1.9% in 2016), the lowest rate since 2012.

The Story of the week: The world's most famous ‘mean, moody and magnificent’ feline - Grumpy Cat - has just won a \$710,000 payout after a copyright lawsuit against U.S. coffee company Grenade Beverage, but that still failed to rid her withering frown. She became a social media sensation in 2012 after her picture was posted online. The cat even starred in her own Christmas film in 2014. It is understood that Grumpy Cat was not in court for the successful verdict, although the six-year-old (real name Tardar Sauce) did make a brief, starring appearance earlier in the trial.

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Index Performances and Market Data*

Equity and Bond Markets % (in Local Currency)	2013	2014	2015	2016	2017	2018 YTD (to 26/01)
MSCI AC World (Gross TR)	26.2	9.9	1.8	9.7	20.4	5.8
ISEQ Overall Return	35.8	16.8	33.6	-2.7	9.7	0.7
FTSE 100 TR	18.7	0.7	-1.3	19.1	11.8	-0.3
Euro Stoxx 50 TR	21.5	4.0	6.4	3.7	9.2	4.2
S&P 500 TR	32.4	13.7	1.4	12.0	21.8	7.6
Nasdaq Composite	38.3	13.4	5.7	7.5	28.2	8.7
Nikkei 225	56.7	7.1	9.1	0.4	19.1	3.8
MSCI Emerging Markets	0.9	2.6	-8.0	7.1	27.8	8.2
Eurozone Government Bonds 1–5 yr	2.1	3.4	1.0	0.9	-0.2	-0.2
Sovereign 10yr Bond Yields (%)	2013	2014	2015	2016	2017	2018 YTD
U.S.	3.0	2.2	2.2	2.4	2.4	2.7
German	1.9	0.5	0.6	0.2	0.4	0.7
UK	3.0	1.9	1.9	1.2	1.2	1.4
Japan	0.7	0.3	0.2	0.0	0.0	0.1
Ireland	3.4	1.3	1.1	0.7	0.7	1.0
Italy	4.1	2.1	1.6	1.8	2.0	2.0
Greece	8.2	9.6	7.9	7.1	4.1	3.7
Portugal	6.1	2.7	2.5	3.8	1.9	2.0
Spain	4.1	1.6	1.7	1.4	1.6	1.4
Central Bank Rates (%)	2013	2014	2015	2016	2017	2018 YTD
ECB	0.25	0.05	0.05	0.0	0.0	0.0
Bank of England	0.25	0.50	0.50	0.25	0.50	0.50
U.S. Federal Reserve	0.25	0.25	0.50	0.75	1.50	1.50
Foreign Exchange Rates	2013	2014	2015	2016	2017	2018 YTD
Euro/Dollar (€/\$)	1.37	1.21	1.09	1.04	1.20	1.24
Euro/Sterling (€/£)	0.83	0.78	0.75	0.84	0.89	0.88
Sterling/Dollar (£/\$)	1.65	1.56	1.46	1.24	1.36	1.41
IPD All Property Return % (in Local Currency)	2012	2013	2014	2015	2016	2017
Ireland	3.1	12.7	40.1	25.0	12.8	6.9% (to end of Q3)
U.K.	2.7	10.7	17.8	13.1	3.6	7.1% (to end of Q3)
U.S.	5.3	11.4	11.2	12.1	7.8	5.0% (to end of Q3)

*Past performance is not a reliable guide to future performance